

Toward a More Affordable  
Health Care System for Rhode Island:  
The Governor's Agenda

---





# The Wellness Initiative

## The Challenge

Many Rhode Island residents smoke, eat too much, or exercise too little—habits that can lead to preventable health problems like heart disease, cancer, stroke, and diabetes, and also to unnecessary injuries. Such problems raise medical care costs, decrease workers' productivity, and inhibit learning for students in the classroom.

- 56% of adult Rhode Islanders are overweight or obese
- 22% of adults smoke
- 72% of adults do not eat at least five servings of fruits and vegetables every day
- 51% of adults do not exercise regularly
- 25% of adults do not wear a seat belt regularly

Like many states, Rhode Island lacks a well-coordinated campaign to promote healthy habits and collect important data on residents' medical care utilization.

---

**Without a focused, statewide initiative, the number of citizens with preventable health problems will continue to increase—as will the cost to employers.**

---

Without a focused, statewide initiative, the number of citizens with preventable health problems will continue to increase—as will the cost to employers.

## Our Goals

The Wellness Initiative will join public sector and private sector efforts to promote healthy lifestyles for all Rhode Islanders. The Initiative will raise awareness about the importance of good nutrition, adequate exercise, and seat belt use, and discourage smoking and other life-threatening habits, based on the goals outlined in the Rhode Island Department of Health's report *Healthy Rhode Islanders 2010*. Businesses and industry associations throughout the state will implement workplace policies that encourage walking, provide nutritious food choices, and promote healthy lifestyles.

---

**The Initiative will raise awareness about the importance of good nutrition, adequate exercise, and seat belt use, and discourage smoking and other life-threatening habits.**

---

By 2010, we will:

- achieve the first "Well State" designation in the U.S. by the Wellness Councils of America (WELCOA), for having 20% of Rhode Island's workforce employed in WELCOA-certified "Well Workplaces"; and
- cut in half the number of Rhode Islanders with unhealthy and unsafe habits.

[ Continued > ]

## Our Agenda

Building on and partnering with existing programs and initiatives, both public and private, the Wellness Initiative will focus on near-term strategies in five major settings, as indicated in the table below.

The Rhode Island Department of Health and the Worksite Wellness Council of Rhode Island will be the major coordinators of these efforts.

Setting	Potential Strategies
Workplace	Promoting businesses' applications for "Well Workplace" certification; creating tax breaks for businesses so certified.
Schools	Promoting physical activity; decreasing "screen time"; increasing the availability of nutritious foods; promoting seat-belt use.
Health Insurers & Health Providers	Promoting payment incentives for health care providers to support age-appropriate prevention measures and for subscribers to support healthy behaviors.
Government Agencies	Conducting health promotion programs for state employees; increasing the availability of nutritious foods in State cafeterias and conferences.
Community-Based Organizations	Promoting physical activity in neighborhoods.



## Balanced Health Care Delivery System

### The Challenge

Payment policies and existing regulations create an imbalanced health care system, putting providers—not patients—at the center. Too many Rhode Islanders have no regular doctor, and no medical office where their records are kept and their medical history is known. Even Rhode Islanders who have regular doctors don't always receive care in the right setting when they need it. In one recent survey, one of every five Rhode Islanders who went to an emergency room reported that they went there because their doctor's office was closed or because they could not get an appointment elsewhere.

---

**Even Rhode Islanders who have regular doctors don't always receive care in the right setting when they need it.**

---

Demographic trends suggest that additional hospitals or other health care facilities may be needed to care for Rhode Island's aging population in the next decade, but the weak financial condition of many hospitals could make it difficult to fund new projects. Pharmacy-based clinics may soon diagnose minor medical conditions on evenings and weekends, but primary care doctors worry these clinics will exacerbate the disconnect between patients and the doctors who know them.

Hospitals throughout the state are expanding emergency rooms and offering new specialty treatments in response to the growing health care demands of Rhode Island residents, who already visit doctors and emergency rooms more often than residents of other states. Reimbursement policies reward such expansion. This makes sense from the institution's perspective, but not necessarily from the community's perspective. Research increasingly shows that when it comes to certain procedures, practice really does make perfect: the more that procedures are concentrated in facilities that perform many of them, the better the likely outcome for patients.

---

**The bottom line: without increased primary care investment and a collaborative planning process to balance our state's health care infrastructure, costs will continue to escalate even while dangerous gaps go unaddressed.**

---

The bottom line: without increased primary care investment and a collaborative planning process to balance our state's health care infrastructure, costs will continue to escalate even while dangerous gaps go unaddressed. Quality may be compromised, and patients may not be treated at places that are truly the best at what they do.

[ Continued > ]

## Our Goals

Our goal is to have a health care system with more emphasis on primary care and a balanced deployment of hospital-based and specialty care resources.

By 2010, we will ensure that:

- Rhode Island has a stronger primary care system, through which every Rhode Islander coordinates preventive care and treatment;
- Rhode Islanders know which hospitals and other health care delivery sites provide which services well;
- Rhode Island makes smart decisions about whether health care institutions have demonstrated a need for a new line of service;
- Rhode Island's hospitals and other health care delivery sites plan future investments collaboratively; and
- Rhode Island's State agencies, purchasers, and insurers develop benefits packages and payment policies that reflect these priorities.

## Our Agenda

To accomplish these goals, we will focus on the following near-term strategies:

- Strengthening and expanding primary care: Review and recommend changes to policies, benefits, and payment standards that support primary care delivery and align contractual standards accordingly. The views of consumers, as well as experts and stakeholders, will inform this process and help drive standard-setting.
- Promoting “centers of excellence” through State action: Review all means at the State's disposal—including tax credits, regulatory oversight, and the Certificate of Need (CON) process through which hospitals apply to provide new lines of services—to promote responsible decisions on where specialty procedures are performed.
- Initiating a collaborative planning process to guide hospital investments: Use existing community collaborations and publicly available data sets to develop a statewide investment strategy. The reports and data gathered and analyzed by the Rhode Island SHAPE Foundation can serve as a solid platform from which to build.



## Anytime, Anywhere Health Information

### The Challenge

Health care is one of the last industries that continues to make important, life-or-death decisions based largely on hand-written notes captured on pieces of paper. Not only is health care information rarely computerized, it is often not readily available to either providers or patients. Consider the case of a Rhode Islander who, after a series of laboratory tests and x-rays at a hospital, then goes to his physician's office a few weeks later with similar complaints – and has all the tests repeated because the physician can't access the patient's health information. Same patient, same symptoms – two exams, two paper charts.

This paper-based system is at best inefficient, causing duplication of effort and extra costs (a recent study found that using electronic medical records could save America's health care system more than \$81 billion annually), and at worst expensive and harmful, hindering coordination of care between providers. Although individual hospitals and hospital networks in Rhode Island have made use of health information technology systems for sharing information within their own organizations or networks, the adoption of and ability to connect such systems is far from universal across the state.

Without statewide adoption and connectivity of these systems, the State will be unable to use data to target health care resources effectively.

---

**The current paper-based system is at best inefficient, causing duplication of effort and extra costs (a recent study found that using electronic medical records could save America's health care system more than \$81 billion annually), and at worst expensive and harmful, hindering coordination of care between providers.**

---

### Our Goals

By 2010, the majority of individuals in Rhode Island will have health information accessible electronically.

The electronic information should be:

- accessible, with permission, to patients and their providers, whenever and wherever needed; and
- used by policymakers to develop effective public policy.

[ Continued > ]

## Our Agenda

In collaboration with the Rhode Island Quality Institute and other critical partners, we will focus on the following near-term strategies:

- as a first step, increasing the adoption of e-prescribing and laboratory data exchange by health care providers;
- reducing administrative costs by increasing electronic information transfer;
- ensuring that electronic health data is used appropriately and kept both private and secure;
- utilizing the public/private partnership developed by Rhode Island Quality Institute to lead and manage a statewide system to appropriately exchange individuals' electronic health information in a manner reflective of community values;
- contributing State agencies' health information to the statewide system; and
- pursuing Federal funds to support the implementation of health information exchange.



## Affordable Small Business Insurance

### The Challenge

From 2000 to 2003, the number of uninsured in Rhode Island—two-thirds of them in the workforce—rose by a staggering 65 percent. This shocking trend reflects:

- the doubling of the average commercial health insurance premium in Rhode Island from 1997 to 2003, and
- the drop in the portion of Rhode Island's population covered by employer-based insurance by more than 7 percent from 2000 to 2003.

---

**Small businesses have been particularly hard-hit by the dramatic rise in health insurance premiums—only 50 percent of private employers with fewer than 10 employees offer health insurance, compared with almost 100 percent of private employers with 50 or more employees.**

---

Small businesses have been particularly hard-hit by the dramatic rise in health insurance premiums—only 50 percent of private employers with fewer than 10 employees offer health insurance, compared with almost 100 percent of private employers with 50 or more employees. Small businesses pay more for health insurance and get fewer health benefits. Rhode Island is made

up predominantly of small business: 94 percent of Rhode Island employers are small businesses, which together employ 35 percent of Rhode Island workers. Even among those small businesses that do offer health insurance, low-wage employees have not been spared: the increase in the cost of coverage has largely been passed on to workers, through increased premiums, deductibles, and co-pays.

---

**Without State action, Rhode Island faces the continued erosion of employer-sponsored health insurance (particularly with the 10 to 12 percent annual increases in health insurance premiums), a continued increase in the working uninsured, and a growing reliance on Medicaid and charity care.**

---

### Our Goals

By 2010, we will improve the affordability of health insurance for the individual and small business insurance market, increasing by 10,000—or 15 percent—the number of small business employees enrolled in employer-sponsored health insurance.

[ Continued > ]



Specifically, we will:

- make health insurance premium rates stable and affordable, as well as make quality, cost-efficient products available, in the individual health insurance market by 2007;
- make health insurance premium rates stable and affordable, as well as make quality, cost-efficient products available, for employers with fewer than 10 employees by 2008; and
- make health insurance premium rates stable and affordable, as well as make quality, cost-efficient products available, for employers with fewer than 50 employees by 2009.

## Our Agenda

Working collaboratively with employers, employees, and health insurers, we will focus on the following near-term strategies:

- changing laws and regulations such as small group reform, utilization review, and mandated benefits to increase affordability and appeal for the small business market;
- facilitating the development of health insurance offerings that create incentives for employers, providers, health plans, and consumers that:
  - focus on primary care, prevention, and wellness;
  - encourage use of the most cost-effective setting, through differential co-pays and/or incentives for primary care providers and specialists;
  - encourage active management of the costs of the two to four percent of members who account for more than 50 percent of the cost of expensive, infrequent services, procedures, and drugs; and
  - protect small businesses (and their employees) from the cost of catastrophic illness while still maintaining affordability.



## Smart Public Sector Purchasing

### The Challenge

Health care plays a major role in Rhode Island's economy – not only is it the largest employment sector, but it also a major area of spending (nearly one-third of the budget) by State government. Health care is also expensive: per person costs continue to rise at 10 to 15 percent a year. This inflation poses a real threat to the State budget, squeezing out other services and threatening the State's tax structure.

---

**Health care is also expensive: per person costs continue to rise at 10 to 15 percent a year. This inflation poses a real threat to the State budget, squeezing out other services and threatening the State's tax structure.**

---

Because the State is the largest health care purchaser in Rhode Island, spending nearly \$2 billion a year on health care products and services – primarily through Medicaid and insurance for state employees – State government is in a unique position to influence policy or affect the market structure. However, the State's purchasing decisions have historically been decentralized, with relatively little coordination among the agencies involved. As a result, the State has not parlayed its unique leverage to drive changes in the cost, quality, and delivery of health care products and services.

### Our Goals

The State of Rhode Island, as a large purchaser of health care, will borrow the practices used successfully by large private sector employers: actively working with health plans to deliver value, information, and good outcomes for their sizeable health care spending. The Leapfrog Group, Textron, and CalPERS stand as examples of buyers driving changes in benefit design and health care delivery that have resulted in improved products.

We will use the State's leverage as a health care purchaser to:

- better manage state-financed health care costs – reducing the rate of growth of the State's medical expenses by only two percentage points could save \$20 million per year in state funds;
- emphasize performance measurement, and build the state's capacity to monitor contracts, and collect and analyze performance data; and
- establish uniform contractual standards to improve the quality of care and outcomes for individuals whom the state insures, and drive changes in the health care delivery system that benefit all Rhode Islanders.

[ Continued > ]

## Our Agenda

We are creating a working collaboration between the Department of Administration, which purchases health insurance for state employees, and the Department of Human Services' Medicaid program. We will include other departments involved in health services purchasing and the health care consumers who use the system.

Near-term initiatives will focus on improving pharmacy purchasing; extending a managed care model to adults with disabilities and chronic conditions in all State populations; and preparing common contractual terms, data requirements, oversight structures, and outcome measures for Rite Care and state employees' health insurance contracts, both of which will go out to bid in 2008.